

TENNESSEE REGULATORY AUTHORITY



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****Consumer Alert**

TRA REVOKES BUSINESS LICENSE OF TELEPHONE SLAMMER

NASHVILLE -- A telecommunications company accused of telephone fraud was dealt a death blow today by the Directors of the Tennessee Regulatory Authority.

The TRA revoked the license of long-distance telephone service provider, Minimum Rate Pricing (Minimum Rate), and its affiliates, for engaging in the unlawful practice of switching the long-distance telephone service providers of Tennessee consumers without their permission; the practice otherwise known as slamming. The decision was overwhelmingly unanimous.

Today's action marks the first time in the agency's three year history where a decision was handed down to ban a company from doing business in the state of Tennessee.

"We hope today's decision sends the message to telephone companies doing business in Tennessee that deceptive business tactics will not be tolerated," says TRA Director Sara Kyle.

Since January of 1998, the TRA's Consumer Services Division has documented approximately (96) slamming related complaints from Tennessee consumers against Minimum Rate.

And to further protect Tennessee consumers from future telephone fraud by this particular company, the TRA's Directors, along with the Tennessee Consumer Advocate Division, took action to implement measures to ensure that Minimum Rate does not resurface in the state under another name.

Says TRA Chairman Melvin Malone, "The intent was to ensure, as much as reasonably possible, that this company does not continue to do business in Tennessee under any other assumed name, whether it be the name of the parent company or an affiliate's name."

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Minimum Rate is no stranger to telecommunications misbehavior. In a type of class action suit currently underway, the Attorney Generals of (20) states, on behalf of consumers in their respective states, have filed grievances against Minimum Rate for various slamming related infractions.

Those states include: Arizona, Arkansas, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, and Washington.

“We are certainly for competition in the state’s telecommunications markets. But competition at the expense of consumers will set a bad precedent. We have an obligation to set a standard of behavior that, through our laws, protects consumers,” adds TRA Director Lynn Greer.

A chronology of the case reads as follows:

- In April 1997, the TRA grants approval to Minimum Rate to offer telecommunications services in the state of Tennessee.
- By the end of 1997, the TRA has received (47) consumer complaints against the company.
- In January of 1998, the TRA launches an official investigation into Minimum Rate’s business practices. (45) additional complaints are filed with the TRA.
- In July of 1998, the TRA orders the company to appear before the Authority for a show-cause proceeding.
- In December 1998, the TRA conducts a 4-day public hearing in which consumers gave an account of their experiences with Minimum Rate. At the close of that hearing, the company agrees to shut down its telemarketing activities in Tennessee.
- After the parties to the case fail to submit a satisfactory agreed order stopping its telemarketing activities in the state, the TRA issues its own “Cease and Desist” order in March 1999.
- On April 5, 1999, Minimum Rate officially informs the TRA of its bankruptcy status.

The TRA advises consumers who are currently using Minimum Rate as their long-distance service provider, or who are considering changing their current provider to Minimum Rate, to be advised of company’s bankruptcy status.

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